know whether the Railways have given clearance from the Government to import the sub-system.

SHRI PARVATHANENI UPENDRA (Andhra Pradesh): Let the Minister reduce reservation charges for the second-class and also the rates of the platform ticket.

THE DEPUTY CHAIRMAN: The House stands adjourned for lunch till 2.40 p.m.

The House then adjourned for lunch at thirty-seven minutes past one of the clock.

The House reassembled after lunch at forty-two minutes past two of the clock, **The Vice-Chairman (Dr. Bapu Kaldate)** in the Chair.

THE BUDGET (PUNJAB) 1988-89.

THE MINISTER OF FINANCE AND THE MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI): Sir, I lay on the Table a Statement (in English and Hindi) of the estimated receipts and expenditure of the Government of Punjab for the year 1988-89.

SUPPLEMENTARY DEMANDS FOR GRANTS (PUNJAB), 1987-88

THE MINISTER OF FINANCE AND THE MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI): Sir, I lay on the Table a Statement (in English and Hindi) showing the Supplementary Demands for Grants for Expenditure of the Government of Punjab for the year 1987-88.

THE BUDGET (GENERAL), 1988-89— GENERAL DISCUSSION

SHRI NIRMAL CHATTERJEE (West Bengal): Sir, I will crave more indulgence than normally is given to me because this is my pre-retirement budget speech. (Interruptions). No, no, it is just a simple budget speech. This budget, let me begin with the statement, is one more reason why the Government should go. Added to the political and social reasons the economic reasons have been provided in this budget. Now there were some comments on the budget that it is a superficial thing. I for one don't consider Tiwariji a superficial person, but he has problem having to attend to some superficial guidelines and a superficial guide. I believe that he is a person of depth. In my comments, I will explore the depths. Sir, in his Budget speech, he has made a few claims. And one of the claims relates to excellent management of the drought. That is para 5. As it behoves the ruling party Members, they compare themselves with the Janata period. Unfortunately, Sir, Tiwariji's ground has been taken away by his own Department's Annual Survey. Tiwariji's claim is that despite a severe drought, the prices have only risen upto 10 per cent, while in 1979-80, the situation was that the prices rose by 21 per cent. I am not talking of the comparison with Janata period; I am questioning the claim itself. The Annual Survey, unfortunately, mentions that the reason why prices rose is related to the second oil shock, but before that the fact is that agricultural production in that year fell by 16 per cent a negative 4 per production also was a negative 4 per cent. In this year the agricultural production, according to all statements, has fallen by 7 to 10 per cent, not 16 per cent, and the claim which I will examine a little later is that the industrial growth rate is about 8 per cent.

Now I am surprised at the claim that if agricultural production has not fallen, as much as in 1979-80, if

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in fact industrial production has a positive growth rate, then the claim that it is a well-managed policy which has led to a 10 per cent raise in prices compared to the 1979-80 experience bewilders me. I will give you some figures.

How have the prices really moved? I mention the items and the figures Wheat price change in 1979-80 was 5.47% in 1987-88 it is 16.39% Barley that year rose by 45.17 per cent; this time it is 45.68%, Arhar that time was 4.96 per cent; this time it is 35.11 per cent, Masoor that time was 5.80 per cent; this time it is 31.09 per cent. Food articles as a whole, that time it was 13.85 per cent; this time it is 27.39 per cent. And petroleum prices in that year rose by 120 per cent, while this year the rise is 0.00 per cent. This is one claim that the drought has been managed so efficiently that prices, compared to 1979-80, have grown moderately. What was this drought management? The drought management is, if you look into the figures, an additional release of 2 million tonnes only. The stock has come down, yes. But that stock has come down more because of less procurement than the additional distribution to the public distribution system which was no more than 2 million tonnes.

There is another claim. I have to speed up. I will give references, I will not quote. There is another interesting claim. That claim is that for the first time in the recorded history of independent India in the course of four years in real terms, the Government of India will be spending 86 per cent of the total planned provision, though it is not mentioned that inorder to do so, in order to cover 86 per cent, the deficit financing has to be more than doubled than projected by the Planning Commission. It is not mentioned that the same is the story about public borrowing. I do not know whether, if credit has to go to the Finance Minister, the Chairman of the Planning Commission should be dismissed. Sir, what surprises me even here is the utter inefficiency of the Government which claims to be spending 86 per cent of the Plan provision in real terms and forgets to mention what they have achieved in real terms in these four years. Is this efficiency? If you spend 86 per cent and achieve less than 50 per cent, is that efficiency? Is that one reason why the Government should continue?

Sir, I am surprised that even in this small pamphlet which gives Budget at a Glance some claims have been made by the Finance Minister, and the kind of not stating or hiding figures involved here, I will mention. The Highlights of Central Plan 1988-89 state—I give the figures—"agriculture and irrigation". It does not say that the Plan allocation for agriculture as a whole, in fact, has come down, is proposed to be less in 1988-89 compared to what has been done in 1987-88. Sir, it mention 'energy'. It mentions "power". It mentions, "coal." It mentions, 'petroleum." I will go by the physical record. Let us see where we are still locked up. Not even in some cases have the targets fixed for the Sixth-Five Year Plan been crossed or are being crossed in the course of the three years. I don't take agriculture. You will talk about. But let us remind the data, we promised we projected foodgrains production of 178 to 183 million tonnes. Now the Technology Missions are trying to achieve 175 million tonnes. I don't see you have achieved what was promised in the Sixth-Five Year Plan even. That is a mistery of growth. That I will come to later. Take any item, sugar cane. The Sixth-Five year Plan target was 215 million tonnes. The ambitious Seventh-Five Year Plan target was—can you imagine?—217 million tonnes and you are producing 182... something million tonnes. You will say that agriculture is closely associated with drought. I go to other things. He has mentioned about rural employment. He has not

quoted the figures. He says he will be providing 32 lakhs of additional employment this year, but he forgets the target. The target for the 7th Five-Year Plan was two million (20 lakhs). And on the fourth year he is proposing 3.2 million. With 86 per cent of the expenditure, do you ever expect to reach that employment target? I will come to employment separately. Therefore, I will not mention more than that now.

Very strongly it is said that there has been 16 million tonne increase in coal production targets for 1987-88 totalling 182 million tonnes. Then in 1988-89 it would be 192 million tonnes, an additional 10 million tonnes. May I remind you what the target was? The target was 226 million tonnes. And you take pride in 192 million tonnes and think you are spending 86 per cent in real terms.

The same story is about irrigation and also about industry and minerals. Shall I mention some of the figures about industry and minerals? The industry and minerals figures say that you are way behind industry. The growth rate is supposed to be 8 per cent even in this year as anticipated by the Annual Survey. The present-day growth rate may be 10 per cent, but in the last quarter of this year it had already come down to 6 per cent and the projection is that first quarter of this calendar year will have a still slower growth rate. But even in terms of industry what is the situation? I remind you—I made a mention of this on a previous occasion—that the industrial growth rate for this Plan was 8 to 10 per cent. From this actually it was reduced downwards to fall down to 8 per cent. And that 8 per cent was based on an industrial index whose base year was 1970-71 and composition was also entirely different. Now these figures are to be different in terms of a base year 1980-81, but the weights of various components and various groups of industries are also entirely different. There is a comparison which shows that on the basis of 1970-71 and on the basis of 1980-81 there is always a difference of at least two percentage points. When the Seventh Five-Year Plan was formulated, it was formulated on the basis of 1970-71 index, not on the basis of 1980-81 index. What is the difference in the two indices? I will quote from the difference in the indices. The difference in the indices is that certain industries of durable consumer goods type are getting more weight in the industrial index. Let us remind ourselves. While laying down the industrial approach in the Seventh Five-Year Plan, the first paragraph of the Plan document stated:

> "To ensure adequate supply of wage goods and consumer articles of mass consumption at reasonable prices and of acceptable quality."

This is a quote from the Seventh Five-Year Plan. What is the record of this growth? Would you claim that TV has become a wage good? Would you say that motor cars have entered into the list of wage goods? In fact, the growth rate of non-durable consumer goods which are the primary components of wage goods has grown by 2 per cent only compared to the durable consumer goods sector which is 12 per cent. Motor car sectors have exceeded their targets. You consider that you will maintain and that was the Seventh Five Year Plan approach. You maintained that it is that which is industrial growth for our country. That was postulated in terms of wage goods. If we go into the figures of the wage goods, take for comparison the growth of motor cars, the growth of scooters and growth of bi-cycles. Would it surprise the House to know

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that bi-cycle production is not growing? Would it surprise the House to know that the fantastic growth of two-wheelers is coming to a halt? In the light commercial vehicles production, the capacities are remaining under-utilised but the passenger car targets are being over-fulfilled. This is the structure of the industry that you are developing. You think that this is what you desire for that 86 per cent expenditure.

Sir, combining these two, let me mention the GDP growth rate in India. The GDP growth takes place on the basis of production of goods, also production of services and there is a third element, that is, the manipulation data. These are the three ways. When I say this, I am reminded of a very famous statement of a genius. His name was Karl Marx writing on India and preparing for his studies in the British museum, he was paying tributes to the Indian officials of those days. He was basing his analysis on the Indian officials' statistics prepared by the Britishers and such a hostile critic of capitalism and imperialism—I believe—is yet to be born. He was nevertheless paying tributes to their honesty. In our case information is being manipulated. In order to boost the Sixth Five Year Plan targets, we depend on 1979-80 without stating that was in the year of depression. In order to boost the Seventh Five Year Plan realisation of targets, we try to manipulate the figures for 1984-85 of the Sixth Five Year Plan. Now that has gone and what will be debated is the Seventh Five Year Plan. That seems to be the argument. Even in terms of all this, the statement reveals that we are back to the Hindu rate. In each of the Seventh Five Year Plan, we are back to the same rate since 1951 the planning year began, that is, 3.5 per cent of varying between 3.5 and 4 per cent. This is the solid achievement of 86 per cent of plan expenditure leading to this kind of fiscal results. Within this growth rate, unlike 1979-80 or earlier what is happening is that this service sector, means, the Defence expenditure the expenditure on administration which is growing fastest and the manufacturing sector is in fact, growing slower than ever. Goods which are the basis of all services, that growth rate and the wage goods in particular, taking from agriculture to industry, this is the achievement and if this is the efficiency, if it is only in terms of efficiency that the Government has to continue, should it? But, Sir, I want to move away from this. I want to move away to something else because it is not really a question of efficiency. Apart from the Government being inefficient, there are more important things that are happening. I mentioned cycle. In order to mobilise resources or put a restraint on resources, the Industry Minister is considering everything under the sun without coming to any conclusion. But the report says, since this is the situation with the cycle market, the Cycle Corporation of India may have to be closed down. We all know there was a discussion here that the Scooters India Ltd. should be sold. What I object to is not only in terms of efficiency but also these things. Sir, we raised the question of privatisation. Now, the question of privatisation, I will tell you, today, you are selling the Scooters India Ltd. The press reports are that you are also intending to sell one or two more items. You are not different from the leading capitalist countries of the world. Under similar circumstances, let me quote, "...where there is a raising Budget deficit of the Government and the need to reduce public borrowing requirements weighs heavily with several capitalist countries like U.K. and France and therefore, by selling public sector units..." That is the reply of the Minister of Industry here that they collected in one country France 12 billion dollars in another country, 21 billion dollars. Your solution to the problem today begins with Scooter India Ltd., begins with closure of public sector units and the image is provided by what U. K., France or U.S.A. under similar difficulties of Budget deficits and borrow-

ing are forced to do, Unload the public sector. Collect funds from them. It is against this policy that I want to draw the attention of the House. You are facing resource crisis despite the 86 per cent gain. What is meant by resource crisis? It means you have to resort to deficit financing, you have to resort to foreign borrowing, you have to resort to internal borrowing and you have to raise administered prices and you have to kill the States, your States' resources. You have made a calim about planning. Now, while still on that point of 86 per cent being a success, may I draw the attention of the House to what this has led to in the case of States? We all know that in the Sixth Five Year Plan, the States were given a larger allocation than the Centre. With God's grace, in the Seventh Five Year Plan, you reduced the States' share. The provision that was in the Seventh Plan was, the Centre would be spending 53.3 per cent of the total of Rs. 1,80,00 crores. States were given 44.8 per cent and Union Territories 2.1 per cent. Do you know what you have done in the course of these Plans? Every year, the Central Plan sector is much higher than the State sector. The ratio is higher. It was 57.8 per cent in 1985-86, the first year, compared to the targeted 53.3 per cent, 58.71 in the second year compared to the stated 53.3 per cent and 56.0 percent in 1987-88 compared to 53.3 per cent. You can realise that the States' shares are coming down. This is your contribution to the fashionable theory, of the Sarkaria Commission of cooperative relationship with the States. And this year, under your dispensation, Sir, you have stepped up-sixteen per cent if calculated in one manner and twelve per cent if calculated on the basis of expenditure. How much has the State Plan been stepped up by. Only by 7.6 per cent. All the State Plans together in 1988-89 will be 7.6 per cent higher than 1987-88, while according to Tiwariji the Central Plan would be sixteen per cent higher by one calculation and twelve per cent more by another, compared to 1987-88. It means the percentage would further worsen in the case of States. You are grabbing resources. Why and how? Because you can have deficit financing. If the States try to borrow from the Reserve Bank of India, as in Kerala, you stop all the accounts. But you are not limited by that. Therefore, you can do this. You can borrow. But if the States want to borrow, they have to seek your permission. It is this to which I am taking exception. In terms of efficiency, you have proved your mettle even compared to the not-very-efficienct Janata Government! In terms of policies, you are succeeding! It will please Gurupadaswamyji that even in terms of good years, if you compare 1977-78 and 1983-84 in terms of surplus production, it will surprise you to discover that there was no price rise in that year while there was tremendous price rise in 1983-84. I do not want to go into all those details. But mind your approach to this. What are you doing in the meantime to the people of the country. You talk of bringing people above the poverty line. You talk about handling a week economy. Will look at the figures of employment. Employment in the private sector has declined by 1.2 per cent in the course of last year. You have provided, in your Budget, concessions to the private sector for exports so that they can make more profits. Notwithstanding all these, in the last few years, the private organzied sector employment is coming down. The average growth rate in the organized sector, both public and private, is 1.7 per cent. Public sector employment growth is three per cent. That took charge of the negative growth rate in the private sector. You may be happy. Can you tell me, is this industrialisation—this 1.7 per cent positive growth rate, 1.7 per cent growth rate in employment? The unemployed coming into the market is more than 4 per cent a year growth rate. The total additional employment is 5 lakhs in the organized sector and 5 lakhs in the small-scale sector Ten lakhs. And you think of IRDP and others. In fact, you have stepped down

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compared to even the Sixth Plan growth rate. The IRDP—another Ministry—has pulled your leg. Is anybody, the IRDP beneficiary, coming above the poverty line? I give you the concurrent evaluation from another Ministry. Mr. Pande who seems to be dismissed from your Ministry—I do not know whether he will be dismissed from this Ministry also, or shifted away from this Ministry—says that IRDP programme refers to up to Rs. 4800 of income, while the poverty line decided long ago was Rs. 3500, after that Rs. 6400 and as of today it is Rs. 8400. Now, this book says that more than Rs. 2000 income has been generated in the case of 28 per cent of the assisted people. Now, if the ceiling is Rs. 4800, and Rs. 2000; it comes to Rs. 6800. Have they crossed the poverty line as on today? This is concurrent devaluation, not evaluation of yester years. So this is the situation. The market is shrinking. Therefore, the production of non-durable consumer goods is shrinking. The per capita availability of cloth is declining. Textiles are in crisis. Forget about per capita foodgrains; per capita cloth is declining. The market is declining. I have mentioned about leather goods, shoes etc. You will see the decline writ large on these sectors of the economy. And your Budget proposals? (*Interruptions*)

Tiwariji spoke for two hours. It has bewildered the country. I should be given 2 hours in order to unravel the whole thing. (*Interruptions*)

Now, I am going to make a few comments on the Budget speech and then come to some other things. (*Interruptions*)

The minimum that is given to our party is 56 minutes; No. 1. A retiring Member should be given double that amount. (*Interruptions*) It is because I will not be able to speak on the Finance Bill. What to do with the Finance Minister's speech; that takes my time. (*Interruptions*)

Just imagine the proposal. There will be a loan with 7 per cent interest to some people. Who are those people?

SHRI JAGESH DESAI (Maharashtra): For housing purposes.

SHRI NIRMAL CHATTERJEE: Who are those people? Those people who do not have an income of more than Rs 700 per month. Would Jagesh agree that they come below the poverty line today? Seven hundred multiplied by 12 comes to 8400. Am I right? Now, imagine giving this loan for houses. At the rate of 7 per cent interest, a person below the poverty line is being further indebted with a rate of interest of 7 per cent, to be repaid in 22 years. The only good fortune that may befall them is that they may not last for 22 years! Is this poverty alleviation? Consumption loan is being given to these people at a rate of interest of 7 per cent when the outright case is a case of grant. If at all, you want to do anything. Sir, look at paragraph 50 of the Budget speech, Part 'A'. A fantastic statement! Tiwariji, I think, was contemplating how under different heads he can come to the aid of the most productive of the Indian sectors, that is, the capitalists. And, therefore, what he is suggesting is that for workers' participation if there are any expenditures incurred by capitalists—he is obviously not referring to the small-scale sector... (*Interruption*) The question of workers' participation does not really arise. The expenses incurred under that would be tax-free. Now, I know that Mr. V. P. Singh outside is campaigning about workers' participation and you have to combat it. But who is the gullible person who will accept this statement that workers' participation is not possible as even Mr. Vasant Sathe testifies here because of the INTUC objection to the voting procedure? And the private winks that are given to the private sector, including the public sector, so that they are not to disclose their accounts to the representatives of the workers in the Board of Management? So this

is your proposal? I do not know whom he will succeed in befooling.

Sir, he says in his Budget—has he not added to the State sector? I gather that he has mentioned it to the Lok Sabha also. Yes, six per cent more. Thank you very much. What is the six per cent more compared to 1987-88? What is the rise in wholesale price index, Sir? That is, in real terms? In fact, you have taken away from the States. If the figures are true that even the wholesale price index has gone up by nearly 10 per cent, that claim does not stand.

Sir, the whole approach to the States it is something which, despite all our criticisms against the Centre, we have not seen in this devastating manner. What have you done to the States? I first mention this in terms of Plan allocation. Secondly, I mention this in terms of transfer of the real resources. Thirdly in terms of your Budget proposals. You have given Rs. 210 crores tax remission. Fine Most of it would have gone to the States With other people's money you have no hesitation to give concessions. And then you have imposed certain other things and you say that through direct taxes you will have Rs. 69 crores, or Rs. 59 crores—if I am mistaken, kindly excuse. What are these additional sources? Surcharges and special duties. It comes to Rs. 270 crores plus Rs. 201 crores, *i.e.* 471 crores, most of which you have taken away from the States. This is what you have done to the States through even these minute modifications in your budget proposals. What are you giving to the private sector? You have given a concession. There are estimates. You have given a concession of 62 crores of rupees to export units, to 100 per cent export-oriented units. Since it is a good-God given Government, its arithmatic is always difficult to understand. A hundred per cent export-oriented unit means 75 per cent export unit. A hundred per cent export unit is permitted to sell 25 per cent of its products because of difficulties in the external market. You are giving concessions to them also. One way or the other, you have to concede to them on the basis of this belief in socialism that but for the growth of monopolies in the country the Indian economy cannot prosper. This is your socialism.

Sir, I have talked about employment. I have talked about poverty line. Anybody will tell you that the people below the poverty line, perhaps because of your policies, are 60 per cent notwithstanding any National Sample Survey Organisation which is back-dated because it takes into account the IRDP beneficiaries which, as I tried to explain, does not raise anyone above the poverty line.

Now I come to resources and prices. It has been said in the Lok Sabha. Therefore, I did not want to repeat it. But I will be failing in my duty if I don't mention it while initiating it. You have imposed some Rs. 3000 crores before the budget. The wonderful Prime Minister should have claimed credit for the last year's budget because that budget was laid by him. He made a promise that the deficit will not increase. You have tried to keep to the promise. How? By additional borrowing of 700 crores of rupees. Another wonderful way. Another 700 crores of rupees of capital receipts. Management experts should bear me out. What is that? Towards the end of the financial year, a repayment is ordered to the public sector units. They repay you and most of this amount is shown in this year's budget in order to reduce the deficit which you have to pay back next year. Is this called manipulation? Am I right? O.K. So, this way you have tried to keep down the deficit and you have achieved this result. Tell me, Tiwari Ji, one thing. You go in for a deficit financing of 7400 and odd crores of rupees. It there is a household head who spends on consumption by borrowing and even when that is considered insufficient, he goes out for deficit financing, would you not like to dismiss him, to dismiss that head of the household? Will anybody in society respect such a household head? And this is what you are doing. I am

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not distinguishing between developmental and non-developmental expenditure now. Your developmental expenditure is coming down. It is going at a slower rate than the non-developmental expenditure. In terms of economic understanding, consumption expenditure and investment expenditure, quite a part of developmental expenditure, is also consumption expenditure. All that you are meeting by borrowing. Like this thing the people below the poverty line are being offered loan as a consumption loan. And what has happened to the economy, you have not mentioned in your speech. All this has led to a slowing down in the rate of investment in the economy. I was surprised, we were not aware, Tiwariji should be, in the recent CSO revelation we were talking in terms of 22 per cent rate of saving and investment. The health of the economy is indicated by the fact that not more than 8 to 10 per cent of this investment is of the fixed category; the rest, what is called, inventory. Now with this amount of investment in physical stocks, you think a country can be industrialised, you think you are taking a path of industrial revolution and taking us along that route to the 21st century. Please, before convincing others, convince yourself. The problem is not that. This is not a budget either for the poor or for the sick. This is a budget of the biggest sick unit of the country, that is the Government of India. This is the problem. When I enter into the resources fund, Tiwariji says that cost and price is becoming a serious factor.

Sir, I want one assurance. I have a second speaker. Even if I cross the 56 minutes allotted to my party, kindly give some time to him. What I was referring to is the cost and price factor and Tiwariji says our economy is high cost. I take it as a threat to the working class, as it is to the DTC employees. It is a threat to the working class not to waste and that employment will shrink in the public sector, as in the private sector. In fact over the last four or five years—Mr. Jagesh Desai will look up the annual survey—employment in the public sector is also coming down. I can give you page reference also. No increase in the public sector. Forget about the absolute decrease in the private sector which is coming down. Cost efficiency means reduction in employment in the public sector, one, and two, a wage restraint in the public sector. These are the two ways of reducing cost and prices in the economy. Why I say so is because the biggest factor in today's level of costs in the industry is the factor of freight equalisation in the country. Would you agree with me? The freight equalisation means the average freight which is always more than the minimum. If iron and steel and engineering industries had been located around the Bengal, Bihar, Orissa and Madhya Pradesh belt, the entire economy would have been different and the goods could have been produced much cheaper than they are today. The most economic step that can be taken under the present conditions if you want to reduce the cost is to get rid of this freight equalisation scheme, that is a luxury.

SHRI GHULAM RASOOL MATTO (Jammu and Kashmir): What about those areas which are away...

SHRI NIRMAL CHATTERJEE: I will talk of Jammu and Kashmir also. (*Interruptions*).

AN HON. MEMBER: In the north-eastern States also...

SHRI V. NARAYANASAMY (Pondicherry): And also the south ...

SHRI NIRMAL CHATTERJEE: Mr. Matto has carpet and wool industry but out of humility he did not mention Jammu & Kashmir. It is not true that all raw materials are located in these areas, number one,

and number two we have agro based industries. Agro means animal husbandry also. And secondly, at the stage of final consumer goods they can be very well dispersed. Any country which tries to function on the basis of whatever economic science has given, would propose these measures. But you will not do that and you will talk about costs and prices and that also quite often wrongly and dishonestly. We are told that our steel prices are high. Why? It is because, it is said the import prices are cheaper. But we do not think that these import prices of steel are subsidised prices in order to avoid a glut in those countries. The steel prices in the home country are no less cheaper than Indian steel prices here. But we do not mention all these things, and would rather argue against our workers that they are the people who are rsponsible for these increased costs.

I will mention only one or two things more. Concessions have been given. Some people have said it is a populist budget; perhaps it is. It is a populist budget when we talk of people as the top 5 per cent. The Minister has given concessions. Concessions to whom? Concessions to toy scooters, to toy cars, to toy musical instruments. Do you think people below the poverty line are buying all that?

THE MINISTER OF FINANCE AND THE MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI): They are already exempt.

SHRI NIRMAL CHATTERJEE: And you have not imposed anything. Then to electrical gadgets; you have put it delightfully from frying pan to such other things. But who is using these things? Who is using these electrical gadgets? What is the percentage of the population that uses it? You are giving concessions to them. And to them, whom you have given these concessions, you have threatened that such excise duty concessions should be passed on to the consumers. And, perhaps, in consultation with you, the Reliance and the Bombay Dyeing have stated that they are reducing it. Do you know that story? They say they are reducing it on your account but increasing it on another account. This is the trickery. The same Reliance, the same Bombay Dyeing, by paying a lip service by saying that they are reducing it on that account, have increased it on another account not only to the former level but even beyond it. Thus, along with this amount of Rs. 3000 crores, you have added to the deficit financing Rs. 2000 crores nearly to last year's and Rs. 1200 crore this year indirectly. All this would be a burden which the people can only bear if they believe that this Government will not be there.

You are opening up your economy to those who are linked with trans-nationals. You are giving concessions where multinationals are linked. You have already mentioned it in the reports that in the public sector units, 51 per cent of the shares would be owned by the NRIs who are linked with trans-nationals. Reports are that an advisory committee has been formed for management with NRIs to manage public sector companies. And in terms of inflow of foreign capital which we discussed this morning and Mr. Kulkarni pointed out that the financial amount, financial permission of foreign capital is not declining while the actual licensing of letters of intent within the country is declining. The grip of the foreign sector is increasing. And who are these trans-nationals? Even Mr. Jagesh Desai would not be knowing these kinds of facts. There are 50,000 multi-nationals in the world approximately. Of the total assets, 50 multinationals control more than 80 per cent, of which 21 are in the United States. What is the size of a multinational that you are inviting? The reports are that the sales turn-over of General Motors is more than any country of Latin America excepting

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Brazil, any country in Asia excepting India and China (under-developed countries), and any country in Africa. This is the size of one multi-national to whom you are asking us to open our economy. And you know the political consequences quite well. And what are you allowing them to produce? Pepsi-Cola is one of them. Wage goods or potato chips? Potato chips you think is a wage good for which you are short of resources and therefore a multi-national has to come? No. While once upon a time it was our mistake when we said: "Yeh azadi jhoothi hey", we want to prove that you have made a mistake once again, and we do not want to be proved true in the immediate future. But this is what you are attempting, what you are tending to do. You are in a situation where you cannot go to the market to borrow more in order to have a net borrowing. Because you have to repay the interest. That is the scenario in the early 1990s. You cannot repay; you cannot have a net borrowing from external sources also because of the same problem. Under the circumstances, the first step would be that of the United Kingdom, France and the United States—of selling away property which belongs to the people but is being managed by you. And these multi-nationals do not go away easily. You cannot close their units because there will be the argument of employment, there will be the argument of so much of establishment. You have to suffer them. What I want is, let it not be too late.

Let me conclude, Sir, with a few lines. It was Panditji who said: "Woods are very lovely and deep". They are indeed. Only in this case, there are no promises to keep. And, Sir, only a few miles to wander before you reach the disaster. If the country cannot be saved by you from this disaster, would you kindly agree to quit? Thank you, Sir.

SHRI JAGESH DESAI: Mr. Vice-Chairman, Sir, I rise to support the Budget presented by the hon. Minister, Shri Tiwari.

Sir, according to my views, this Budget is pro-poor, pro-farmers, pro-middle class and pro-working people. So, when I come to that I will say why this Budget is for these people.

But, before that, though I cannot give my comments and views on what all my learned colleague, Shri Chatterjee, has said on one or two points I would like to say something.

One is regarding the finances given to the States. Sir, this is the House of States, and it is the concern of all of us to see that the States are given proper finances and proper financial help. For that purpose, Sir, I would like to say one thing. That is, in this Budget for the year 1988-89, as far as the budgetary support to the States is concerned, it has gone up by 11 per cent as compared to 1987-88, whereas the budgetary support for the public sector has gone up only by 7 per cent. So, even at the cost of the Central projects we have given much finance to the State Governments for their plans. But, if they are not able to mobilise resources from their own States, what can be done? As far as the budgetary provision is concerned, the figures are like this: In the year 1987-88 it was Rs. 8,754 crores, and in 1988-89 it has gone up to Rs. 9,714 crores. That means the rise of 11 per cent. As far as the budgetary support for the Central Plan is concerned, for 1987-88 it was Rs. 25,701 crores, and in the year 1988-89 it is 28,715 crores. That is, the rise is only 7 per cent.

Not only that. Mr. Chatterjee has forgotten very very conveniently that the Central Government has given to the States by way of loans and grants in the year 1987-88 Rs. 1,776 crores and in the year 1988-89 it has provided for Rs. 2,210 crores. That means an additional grants and loans of Rs. 300 crores the Central Government is giving to the State Governments. This is conveniently forgotten by him.

No doubt, States have to be helped. At the same time, the States should also make efforts to mobilise resources. For this purpose, I would like to make two or three suggestions, and I will come to it later on.

As far as the public sector undertakings are concerned, I am very happy to say that in the year 1986-87 for which the accounts have been completed, the gross profit earned by public sector undertakings was Rs. 6,512 crores as against Rs. 1,229 crores in 1979-80 when the Janata Government was in power. Sir, interests have been paid for loans taken, to the tune of Rs. 3,416 crores, and after that the net profit remains at Rs. 3,095 crores for 1986-87, which is a record for all the year. In the year 1979-80, the net profit was minus Rs. 75 crores. It was a loss. But net profit after taxation in the year 1986-87 is Rs. 1,769 crores. Percentage of Gross Profit to the capital employed was 7.68 in the year 1979-80 when the Janata Government was in power. This is a parameter, Sir. This year 1987-88 it is 12.5 per cent. This is a quite reasonable return, but efficiency has to be increased further. There is no doubt about it. Autonomy also has got to be given to the public sector. There is no doubt about that. But with that they have to be accountable also. They have to see that they run the public sector undertakings with efficiency by reducing the wasteful expenditure and they should see that its efficiency is improved to such an extent that it producer more goods.

Another aspect which we should not forget is the contribution of the public sector to the exchequer by way of excise, customs, corporate taxes and dividend. In the year 1979-80 it was only Rs. 3,539 crores, but in 1985-86 it has gone up to Rs. 9,061 crores and in 1986-87 it has gone up further to Rs. 11,986 crores, which means about Rs. 3,000 croers more revenue you are getting by way of excise, customs and corporate taxes from the public sector undertakings. Every time we have been saying in the House that we have invested Rs. 61,000 crores. But what is that investment? How much of it is by way of share capital and how much by way of loan? By way of share capital it is only Rs. 28,144 crores and by way of loans it is Rs. 33,285. That is why when we see the return from the public sector, we have to see what is their share capital. On loan you are paying interest to the Government. In the year 1986-87 interest that was paid totalled Rs. 3,416 crores. If interest is taken into account and total investment is taken altogether ,then on Rs. 61,000 crores both by way of loans and share capital, the return is Rs. 6,512 crores. That means it is 10 per cent. When we are spending on infrastructure industries, where profit rate is low, the return is quite reasonable. That is why I would urge the friends on both sides not to denigrate the public sector. They are doing an excellent job. The Prime Minister says we want the public sector to achieve commanding heights and have efficiency. On that line we have to go.

Now, I would like to say something about the private sector. What has happened in 1986-87? I have not read the whole report of the Reserve Bank of India, but I would like to mention two or three points about the private sector. From the study it has come to light that external funds employed by the private sector undertakings in the year 1985-86 amounted to 63.8 per cent. In 1986-87 this percentage went up to 67.3. What about retained profit? I was amazed and was wondering whether the figures are correct. It is subject to correction, but it has been mentioned in the Report that the retained profit has gone down by 39.7 per cent in the year 1986-87, whereas in the year 1985-86 it has gone up to 33.12 per cent. If the figures are correct, then I think something is serious in the private sector. That is why resources are affected. I demand from the Finance Minister a white paper on the working of the private sector and it should be placed

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before this House. I am happy that he is going to place the white paper on the working of the public sector in the House so that we can analyse and if something is wrong, then, we can correct it.

Regarding achievements, Sir, I would like to say something about it. It is no use criticising the Government. We have to keep our eyes open and see dispassionately. What are the other remedies that are required? In spite of the severe drought during this year and preceding two years, what is the picture? The picture which is emerging is like this. 1979 was the drought year but not as severe as this year's drought and earlier two years, the drought was not that serious or severe as it was earlier two years. what was the result? In 1979-80 the gross national product had gone down by 4.7 per cent. In 1986-87 it was 4.13 per cent and in 1987-88, upto September, 1987, it was 1 to 2 per cent. gross and not negative. Industrial production for 1979-80 has gone down by 1.7 per cent and in 1986-87 it has gone up by 9.1 per cent and in 1987-88 it has gone up by 10.2 per cent. In spite of the difficulties this is the picture.

What about the wholesale prices? In 1979-80 the wholesale price has gone up by 21.4 percent and in 1986-87 by 5.3 per cent and this year it is 9.8 per cent and the consumer price by 9.6 per cent.

Regarding imports, everyone is talking that we have liberalised the import policy. I am not in favour of liberailsing the policy except if it is required for the purpose of manufacturing consumer goods to a very great extent and bringing down the prices. There is nothing wrong to import machinery for this purpose. What has happened in 1979-80? I would like to place before the house that also. In 1979-80 the imports at current price had gone up by 34.2 per cent. In 1986-87 it was 2 2 per cent. In 1987-88 upto September, it was 13.5 per cent. In 1987-88 there was one item which was imported and that item was pearls and stones. After cutting and finishing it was again exported. I am giving the combined figures. From 1-4-1986 to 23-9-1986 the imports were Rs. 678 crores. From 1-4-1987 to 30-9-1987 it was Rs. 946 crores. That means, about Rs. 300 crores more in imports we have done on these items so that we can again export it to generate employment in this country and earn foreign exchange on that account.

Regarding petroleum products the imports from 1-4-1986 to 30-8-1986 was Rs. 1.098 crores. It has gone up. From 1-4-1987 to 30-8-1987 it was Rs. 1.872 crores. The total imports for the period from 1-4-1986 to 30-8-1986 was Rs. 9,239 crores and for the same period in 1986-87 and 1987-88 it is Rs. 10,398 crores. That means only Rs. 1100 croes more towards imports are there this year as compared to earlier year. But on these items, petroleum and pearls, it is Rs. 1524 crores, more imports are done. That means other imports have been reduced by about Rs. 400 crores and this is the picture which emerges from this Sir, about industrial production, I have already given figures. Now I would like to say something about infrastructure industry. So far as steel is concerned, there is an increase of 10 per cent during this period as compared to earlier period. Coal production has also increased. Power generation has also increased and these are the infrastructure industries and this is the barometer to judge whether we are going in the right direction or note. It is so use saying that vour industrial production on some items has been worthless and in respect of some items, it is more. We have to see where to hit. Because of the policy laid down by late. Jawaharlal Nehru. we are able to have very sound foundation of our infrastructure industries and that is why even in spite of such severve drought, in spite of so many difficulties. we are able to maintain our industrial growth and we are able to check the prices and control them.

4 P. M.

As regards the Budget proposals and the price rise, I am of a very firm view not because deficit is there, the prices are going up. Mr. Nirmal Chatterjee just said that last year also, you had promised that deficit will not be increased but deficit has been increased by Rs. 400 crores. What are the reasons for this? Rs. 500 crores we have given by additional subsidy for foodgrains and fertilizers and more than Rs.1000 crores. Ido not know the exact figure, because of the drought, we have to give to the States as relief and if this is taken into account, the promise given by the Prime Minister as the Finance Minister that he will do his best to see that deficit is not increased, he has fulfilled it and I congratulate our Prime Minister and those who manage our finances that under severe difficulties, you are able to manage it. One thing which hurts me is that sometimes we are unable to balance our revenue expenditure and the revenue income and in this respect, we are to be very careful to see that revenue expenditure is within the revenue income. If it is not done, that means you are going to eat away some of the borrowings which you have taken for developmental purposes and that is why I caution the Government that they have to be very careful. If necessary, you can mobilise further resources by coming to Parliament by increasing some of the taxes. But we have to see that our revenue expenditure must be within the limit which you have given in your Budget. But here, Sir, I am very sorry to point out that we are unable to do it. In the year 1986-87, the revenue expenditure has gone up by Rs. 1400 crores than what was projected in the Budget. I think the Minister should take note of this and see that in future, the revenue expenditure is kept within the limit of the revenue income. If it is not done, it will have very serious repercussions in future. I compliment the Minister for the very good exercises he has done in giving relief and concessions to those who deserve them most and taxing those who can take the tax burden. Eighty per cent of our people stay in villages and farmers are the backbone of this country. For farmers, artisans, villagers, cobblers and the like who are staying in rural areas, a massive dose of concessions is given. For small farmers, loans up to Rs. 7500/- will be now given at 10 per cent interest. Rs. 3000/- crores of additional provision has to be made by the banks for giving loans to farmers. A discount of 7.5 per cent is to be given on the sale of fertilizers by companies. As far as pesticides are concerned, the machinery required for that is excise-free. Machinery for agricultural operations are excise-free. Not only that. They have decided now that every village must get bank credit in time and as early as possible. That is why, every village will be linked to one bank. Hence the problems regarding loans and assistances can be resolved at the earliest and they will be able to get loans quickly. And the poor people who are working under our IRDP scheme will be insured without any premium. This is a social security measure. The three to four million people working under the IRDP, who are the weakest section of the society, will now get insurance cover at Government's cost. This is what a Government should do. These are the people whom you should give relief to. This is what is done in the Budget. Group insurance has been provided for primary teachers and co-operative milk producers. Workers in shops and establishments are also not forgotten. Artisans, tailors, masons, carpenters, etc. are also covered. That itself will prove the good intentions of the scheme. Apart from this, a separate Social Security Fund with a corpus of Rs. 100 crores has been set up for subsidised insurance cover to landless workers, small workers and rickshaw-pullers. They will all get insurance cover at a very concessional rate of premium now.

The famine-stricken people in the rural areas are not forgotten too. They cannot afford to have pump-

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sets and the Government has decided that they will be given pumpsets at a very nominal rate. Also, benefits of free electric connection are extended to small and marginal farmers. The electricity now given to villages does not reach the people in hutments. Now, a one-point electricity connection will be given by the Government to these people, free of cost. Regarding subsidies to cloth, the rebate has been increased from Rs. 2 to Rs. 2.75 for janata-cloth. The Schedule Caste and Scheduled Tribe people are also taken care of. A separate finance development corporation will be established to give help to these people and for this purpose, a Budget provision of Rs. 50 crores has been made While the villagers and farmers are benefited, the middle-class also is looked after. After all, we have to take care of the middle class also. I am a person from the middle class. We are all middle-class people and that is why he has exempted from Excise Duty stainless steel utensils and other things which are required by them. It may be electric iron or it may be something else and that is how he has tried to do his best to give relief to the farmers, to the middle class and to the working, class whom he has not forgotten. He knows that here is a class which deserves the sympathy of all because these are the people who cannot conceal their income and that is why he has increased the standard reduction from ten thousand to twelve thousand rupees and the rate of deduction has been made one-third of salary so that they can get additional relief by these methods.

As regards the inflationary tendencies, as I said earlier, I would like to repeat that I do not believe that deficits will always result in price rise; I do not believe in that theory at all. To the extent of deficit if you are able to produce more, there cannot be any price rise. After all, price rise, according to economic theory, is the result of supply and demand and, therefore, if production is there without interruption, without any difficulties, without the bandhs, price rise will not be there. We have lost more than a thousand crores of rupees' worth of production because of the "Bharat bandh" on that day and that is why I say that those who indulge in this are indirectly responsible for the price rise.

AN HON. MEMBER: Why indirectly? They are directly responsible.

SHRI JAGESH DESAI: They can have some other methods. Parliament is there and Legislatures are there. You can have meetings, public meetings. But bandhs, industrial bandhs, are not going to help our country and therefore, I would like to plead with them not to indulge in these things in the future. If you want the prices to be reduced, if you want inflation to be brought down, it is your duty also to cooperate with the Government. That is why I do very strongly feel that we have to have a big thrust on increasing our production. If for increasing production you have to borrow, there is nothing wrong in that. You must go on borrowing. But that borrowing must be invested for purposes of greater development and not for supporting your inflationary budget. If that is done, your production is increased. But what is happening at present? We are not able to run our industries for two or three days continuously because of power shortage. From the very beginning I have been pleading for this. Of course, 32 per cent more allocation has been made for power this time. But still I feel that it requires more. For two or three years, you have to take very bold decisions. One such decision is that no new industries will be started either in the public sector or in the

private sector and money will have to be for power generation only. Today, we have invested about sixty thousand crores of rupees in the public sector. But we are not able to make use of more than thirty thousand crores and the rest is lying idle. If all these units are able to work up to seventy to eighty per cent, then there will be no inflation at all and you can check inflation that way easily. There is no problem. Now, you have tried to curtail money supply and I have seen that in the year 1986-87 and even during the current year you have been able to do it. You have increased the statutory liquidity ratio of the banks. These are the corrective actions you have taken for the purpose of curbing the influence of money supply and excess monetary power in the country. That you have done and I am very happy about that.

With regard to some of the proposals of the Budget, I would say few words and then I will finish.

For augmenting the resources of States, I have two or three suggestions to make. What happened is that when Mr. V. P. Singh was the Finance Minister, unfortunately, he abolished the loans on special deposits in the non-Government Provident Fund. Then, Sir, I am surprised to find the figures. Sir, if I remember the figures correctly, in 1977-78 such deposits were only Rs. 767 crores. In 1986-87 the figure was Rs. 10,053 crores. In 1987-88 it has gone up to Rs. 13,713 crores. In the present Budget you have provided Rs. 17,813 croes; it will go up by Rs. 4000 crores. Out of this Rs. 400 crores which you are going to mobilise by way of special deposits from provident fund, if 75 per cent is given to the State Governments they will get additional Rs. 3000 crores. The Maharashtra State Government has been much affected because of this policy. Up to 1986 you were giving it. You stopped it from 1.4.86 and the Maharashtra Government for the Seventh Plan will be affected to the tune of Rs. 1750 crores. Similarly, I have seen the figures for Tamil Nadu. That is why I again request the Government to please re-consider this and see that from the special deposits of provident funds you give 75 per cent loans.

Secondly, regarding the consignment tax, I remember when I was a Minister in the Maharashtra Government in 1976-77 the Central Government asked for our views. And we had given our views that it was very necessary. If not done, we would be losing revenue because tax is being evaded. There are many things done on telephone. What they do from Bombay to Delhi, from Calcutta to Bombay, etc. they finalise, and then he says: I did not do this, it has been sent to the commission agents and that commission agent has given the delivery. That is why we are losing Central sales-tax. There is also the report of he Sarkaria Commission. But on action has been taken so far. I would, therefore, urge upon the Government to please expedite it so that the State Governments also will get their due share.

Then, Sir I was of he firm view that it was worng on the part of the Government to have abolished estate duty. I am happy that you have in some other form brought it. I was pleading for it for three pears. You said that you are getting Rs. 20 crores but so much expenses are there. I had suggested that you need not have a separate department for this but this could also be administered by the Income tax Officer like wealth-tax and income-tax. I am happy that, though not the extent which I desired, you have brought it again. But one thing I would like to say, that the resources generated from this must be passed over to the State Governments.

Sir, as regards the aspect of administered prices, there is a debate in

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the whole of the country and amongst our friends opposite. But I am of the very firm view, very firm view, that it is a must. You delay it for two or three years for steel prices. If you want to make the industry sick, then you don't do it. At the same time I want to stress that the prices should not be raised if there is inefficiency in the public sector. If the cost of input goes up, then you should increase the price. The prices have gone up by 20 per cent in many items in steel industry and in other public sector undertakings. As compared to last year we have given 3000 crores of rupees more as wages this year. Are we going to take this into account or not. Our Cost Bureau is there. You have done it according to their suggestion. They have suggested 15 per cent increase in coal prices and steel prices. You have done it. You should have done it two years earlier. Administered prices should be reviewed every year. If the prices go down, reduce the administered price. That is why it should be reviewed every year. This revenue does not come to the Centre. It goes to the coffers of public sector units. It does not go into the coffers of the Government. This kind of misleading propaganda is done. I am of the view that administered prices must be there on the basis of cost of production. But if the prices rise because of inefficiency, than it has to be taken into account. Then the prices should not be allowed to be increased.

I would like to bring to the notice of the Government one more point. Our total liabilities are 2,2200 crores of rupees, But our assets are 1,80,000 crores of rupees. There is a deficit of 42,000 crores of rupees. There will be interest on this deficit. How can this be tackled. I do not know. I cannot suggst anything here. We have to sit together and discuss. I think this phenomenon was not there earleir. There were more assets than liabilities. It has been increasing every year for the last five or six years. Now it is to the tune of 42000 crores of rupees. We have to see how best we can counter it.

As regards the interest paid by the Government of India, 14,000 crores of rupees are given. But we are getting about 7000 crores of rupees of interest from the loans which we have given to the State Government. There is an inflow of interest to the tune of 6900 crores of rupees. I want to put it on record that the interest that is coming is 6900 crores of rupees and not 14,000 crores of rupees. One of my learned friends—is not in the House—represents one class, a class of free enterprise walas. I do not want to name him. However, if you give more concessions to the private sector, the hungry wolves want more. Your National Saving Schen is attacked. I do not know why. I ha gone through it. It was 20,000|- rupees. Now, you have mad Rs. 30,000. The rate of inter 9 per cent and now increased per cent. Even then he says the Government has betrayed. I would like to tell this august House that under your new Scheme, those who are saving Rs. 20,000|- are getting a benefit of Rs. 1500|- every year. If it is second year, then they are getting additional benefit. I will give you an example. If you put Rs. 20,000|-, then you get Rs. 10,000 by way of deduction. Now suppose you are a taxpayer of Rs. 10,000, and you are paying Rs. 5,000 as tax. Now that Rs. 10,000 which you are paying is withheld till you withdraw the amount if you put it in Indira Vikas Patra. Now here you are getting Rs. 1400. Now he says that because of the deduction under 80L, you have lost Rs. 900, but you have gained Rs. 1400, and every year he is getting Rs. 500 more and even then they are crying. So, they

want all right, you give this also by way of deduction and do not fall a prey to this. Secondly, Sir, there is one thing which I have always been saying, that one wrong thing was being done. You have reduced the rate of interest on the National Savings Certificates 6th and 7th series from 12 per cent to 11 per cent. If you can give relief to big people and increase the rate from 9 per cent to 11 per cent, all those who are middle class people, who save money by putting it in the national savings certificates, you are reducing the rate of interest on that. That is why I urge upon you, I have told you privately and I have spoken in the House, lakhs and lakhs of depositors, who are middle class, they are very much affected. If you want to give loans to industry at a lower rate of interest do not kill these ordinary middle class people, please take care of them.

Sir, I have said earlier that this Budget is a budget for the poor people, this budget is a budget for the kisans, this budget is a budget for the middle class people and this budget is a budget for the working class and I have not seen this type of a budget for the last ten years. That is why I say that if this type of budgets are presented every year, it shall give relief to those who deserve it and impose taxes on those who can bear it. With these words, Sir, I support the Budget. Thank you.

THE VICE-CHAIRMAN (DR. BAPU KALDATE): Yes, Mr. Thakur. (*Interruptions*)

PROF. CHANDRESH P. THAKUR (Bihar): Mr. Vice-Chairman, Sir, let me re-establish my identity first because there are so many Thakurs in this House, and I am a junior Thakur...

AN HON. MEMBER: Your identity is known to all.

PROF. CHANDRESH P. THAKUR: Sir, it is my pleasure to rise to support the maiden budget presented by Shri Narayan Datt Tiwari, our new Finance Minister. He has taken great care to go in a detailed way into the budgetary structure as well as he has shown great concern for a large section of the society. I think the main thrust of the 1988-89 budget is in four areas. Firstly, it has happily retained the momentum of development which we have tried for the last several decades, and secondly, it has tried very effectively to offset the set-back to the economy, which came under the impact of drought and floods in recent years, particularly very severe or shall I say the several in the previous year. Thirdly, it has tried to bring relief to different sections of the community which was not possible given the normal resource constraint. But the financial acumen of the Ministry led by the hon. Finance Minister has some what managed the things better. And lastly it has initiated some very refreshing welcome direction.

The Economic Survey provided a comprehensive diagnosis of the State of economy in the country. The Government has been able to do its best under the worst of the situation. Notwithstanding the calamities as a result of the vagaries of weather and increased insecurity in this region, it seems that the deficit has been managed within limits, marginally exceeding the promised limit of the previous Finance Minister, our respected Prime Minister. Even the inflationary pressure has been kept well within control. It is nearly touching the double digit but it has not still crossed it. The net investment momentum has been maintained although, perhaps, not as much as could have been desired; nevertheless it is very positive.

Further, howsoever marginal, we are going to register a positive rate

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of growth of economy which, perhaps, under conditions of calamitous changes in the economy it was very unlikely. So, to that extent, the economic managers of the country deserve to be complimented.

I must share my concern with the approval of my senior colleague, Mr. Jagesh Desai, that the state of revenue budget remains disturbing. But the Government did accomplish some rationalisation in the revenue Sikuation, and particularly non-plan expenditure has been somewhat curtailed. Even within the Defence budget, rationalisation was done and a saving of Rs. 500 crores was accomplished. But we need to perform a lot better in the management of revenue sector of the budget, particularly expenditure control; if it is not being off set by the buoyancy of revenue or through better tax net spread. Within the existing fiscal frame work I think external and domestic borrowing is a familiar and widely practised budgetary instrument of management of macro-economy, and India is no exception. We have definitely brought an element of prudence, but, perhaps we need now a greater dose of prudence than what is evident in recent years, and I am sure the Minister and his colleagues are sensitive to that. Repayment of instalment and interest charges could be reaching the limit of fiscal prudence in this country and this must alert us, particularly those who are directly involved in managing Government budget. However, the situation demands that the adverse trend in revenue budget must be reversed by control on expenditure and increase on receipt.

Our agricultural economy has shown vigour and growth. Over the post-independence period we have performed very well; but at the same time vulnerability of agriculture vis-a-vis the vagaries of monsoon, whether drought or floods, has been quite vivid during the last several years, particularly last year and that simply shows that we need, through financial instruments, to look after the agricultural economy with much greater care and consideration. To the extent that current Budget has given priority, a very high priority attention to this sector, it is a very welcome measure. To call it populist smacks of economic ignorance with regard to the anatomy of the Indian economy. The Indian economy started with a vigour in agricultural sector. What we expect is a robust agrarian ecenomy extending its geographic frontiers beyond the confines of the so-called green revolution, which, in any case, has ceased to be as green as it used to be in the last several years. Government, led by our Prime Minister, has been trying that it will be extended more in the eastern region which is the kharif or monsoon belt. I think the instruments of Government though the Ministry of Agriculture, particularly the R&D, whether it is done through the Indian Council of Agricultural Research of the network of agriculture universities, or the corporate R&D efforts of industries involved in agricultural inputs—all these taken together need to redefine their agenda and be a little more productive in finding ways to strengthen the agricultural operation in the Eastern region, otherwise the promise made in the Budget, or the expectations raised in the Budget are likely to be less effectively met than what the country desperately deserves.

We all know that we have invested so much in the river valley projects. I am particularly talking about the perinnial rivers of the

Himalayan region, in North Bihar, in Bengal and parts of Orissa or certain parts of eastern U.P. But the reutrn on the kind of money that we have sunk is lack-lustre, if not deplorable. From that point of view, the command area management has ceased to be anything beyond an additional construction field channel agency of the Government. There is practically no management so far as command area management is concerned and I would like to urge, through the Finance Minister, his colleagues in the Ministry of Agriculture to see that a little more groundwork, down-to-earth work is done with regard to water management and development of on-field channels digging of channels and management of water for availability of different points of the receiving end of the farmers so that we are able to get the vigour of the agricultural economy of the kind that we are looking forward it.

A lot of provision has been made for acailability of credit for the agricultural ecanamy, for the farmers. And this is not the first time that it has been done. The good thing about it this time is that it has been augmented still further. But the catch is about the delivery agency. We are familiar with the inefficiency, delay and, of course, the familiar leakages. To the extent that this Budget is anticipating this problem and trying to create better delivery agencies, we hope that the resources committed in terms of agricultural credit for the benefit of the agricultural community will finally reach them the effective use at the farm level rather than at the intermediate level.

I think the revival and the strengthening of the agricultural economy is not going to help the rural sector only. It has a promise for the industrial sector also. Industries based on inputs of agricultural origin and those depending on the market for industrial products in the rural economy are likely to benefit substantially and perhaps more than the rural and agricultural sector, because in the ultimate analysis it is the input constraint, and more than that it is the demand constraint which becomes a real deterrent in industrial growth. And precisely the industrial economy is facing this situation in the moment. From that point of view, those who talk about populism, or giving in to the farmer's lobby, are ignoring what is in the interest of the industrial workers or industrialists themselves. So from a larger macro-economic point of view, any additional rupee effectively spent for the development of agricultural sector is going to be of benefit to everybody in the economy.

Sir, talking of the industrial sector, I think the textile industry has received a very pointed attention, and a very welcome one. It is the oldest industry, the first in the sequence of industrialisation, the largest one in the country in terms of number of people involved, in terms of location, in terms of geographic spread of the industrial sector through mill network. If we include the mills, the handlooms and the powerlooms, the three sector of the textile industry, it has a very extensive catchment from an economic point of view or even a social point of view. And this industry is facing a serious crisis. There are structural problems, there are problems of technological obsolescence, there are problems of resorces constraints, there are problems of market constraints, there are

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problems as a result of unfettered smuggling of products from outside the country from such places where they have a relative cost advantage. The new textile policy has done some courageous rethinking. But the problem has reached a point at which it requires much greater courage, much greater political will and much enlightened input from all concerned to review the working and restructuring of the textile industry. Otherwise, the life and the livliihood of millions of people are at stake, and they will be continue to be that.

It is sad to note that the Technology Modernisation Fund created in the previous Budget, to be operated through the Industrial Development Bank of India has not really got off the ground at the rate it should have. The intention of the Government is there, the provisions have been made, the need of the industry is there. But why the hell is it not working as effectively as it should? Have we reached a limiting point in the management of the Development Bank? We have a very enthusiastic Banking Minister. I would like to raise this question pointedly to him: Why is the Fund which is meant for modernisation of the economy, for the most desering sections which is of paramount importance in terms of improvement of the economy, not being put to accelerated use for the gains of the kind that is expected?

Similarly, the vulnerable section in the textile industry is that of the workers. They are people who have lost jobs. There are many more who are threatened to lose jobs and their earnings. They are likely to face obsolescence of their skill. They are likely to face problems of redeployment even if the best intentions of the Government are there. But the Textile Workers Rehabilitation Fund has not been used, even a single rupee has not been used. I realise the legal problems. Unless the closure application is granted under the Industrial Disputes Act, this Fund cannot be used. I think, there is need of a second thinking for the purpose of the timely use of this Fund for rehabilitation of the workers, for the benefit of the needy without the fetters of the legal provisions of the kind that they are currently having within the framework of the scheme.

I think, related to the question of the textile industry or the agro-related industry is also the question of sugar industry. I am particularly taking in the context of the previous debate in this House about the sugar industry that took place. It was a very very refreshing debate. The only difficulty is that whenever a discussion on the sugar industry takes place, it tends to acquire a regional character, regional in the negative sense. It ignores the problems of the sugar industry of the northern region, which is really sick, where the R&D for the agriculture sector for improving the sugarcane quality has been left on the back burner, if at all it ever got started. At the same time, the mills are sick, and the regional economy of eastern U.P. and Bihar is critically linked to several sugar mills. Historically it all started there. But much water has flown, and a lot of money has been spent, much time has gone, Much cries have been lsitened. But no remedy has come. So, from that point of view, I would urge the Minister of Finance and whosoever are the ones managing the sugar industry through him to have a second look at this industry, to look at it in the context of the regional economy, not necessarily always in the national context, ignoring the regional context of the problem.

Sir, it brings me to the state of the capital market vis-a-vis the Budget. I would have expected, as a student of Economics, given the budgetary dispensation, the capital market should have shown some buoyancy. But it seems that that optimism is not really evident so far as our investors and entrepreneurs are concerned. There are refershing messages for the export-oriented industry. There are refershing messages for a segment of the textile industry, particularly the artificial fibre sector.

So far as the electronics sector is concerned, considerable relief has been provided. Same is true for cement and for those who are involved in the production of electrical equipments. Yet the share market through these industries has not shown buoyancy.

In addition, the Venture Capital Fund set up has been revision of a better kind. Still further the tax exemption has been provided to the dividend income by additional Rs. 3,000. But all these cumulatively should have added optimism so far as the Capital market is concerned. May be, what somebody called, the investors or industrialists are characterised by the Oliver Twist syndrome. Fortunately, for history let it be recorder, Oliver Twist needed money. I am not so sure, as Mr. Jagesh Desai indicated, whether the same is true for our investors. At least all investors or industrialists need to shake off an element of excessive greed. Several things are good, but is not making them happy. Something which is not there, or the ones which are there could be a lot more perhaps will make them happy. This is a part of human expectation, but from the macro-economic point of view one would have thought that what they have got, they should be grateful for in their own interest, if not in the interest of the economy.

There is a fear that there could be a bearishconspiracy and manipulation of the stock market situation. Financial writers have written about it. If this is true, then the Finance Ministry should look into it—what is ailing the stock market or the capital market. Some reforms are under way, but perhaps much more needs to be looked into so that things begin to move better than what it is.

Related to that is the question of extension of resource base. We have been talking about expansion of the tax base. We should be also talking about expansion of the investment base. The Green Revolution area has a liquidity. There is no doubt about it. The disposable income at prosperous farmers' level is good, but ploughing that back through the equity channels or rather through the other instruments of finance remains a relatively neglected area. So, if we are up against any resource consraint, and we are trying to plough back the generated income in the non-industrial sector, in the prosperous agricultural sector, in the agro-based sector, we need to reach out to those potential savers who are flushed with cash, who, if not flushed with cash, have some disposable income for redirecting their resources to more productive channels either through the banking sector or through the instruments of equity market, through the secondary instruments or primary instruments depending on what it is.

A mention has been made, if not here, perhaps outside, that the present Budget has not respected the long-term fiscal policy. I think the long-term fiscal policy says that unlerextenuating circumstances it could be modified. There could be no extenuating circumstance more than the calamity that we ran into last year. And to the extent that drought related cess was introduced and now it has been extended, it does not amount really to impairing the basic intention and character of the long-term fiscal policy. So, from that point of view if the major part of the fiscal policy has been left untouched, particularly the marginal rate of taxation, particularly the kind of tax shelter that they have provided, I think we should

[Prof. Chandresh P. Thakur]

compliment the Government for having carried out their promise with a kind of credibility which one expected from a responsible Government like the one we have.

I think tax centres provisions are there. Mr. Desai talked about that. I would like to submit one simple suggestion that within the overall target of Rs. 40,000 under Section 80C, if the ratios are changed i.e. we have at the moment upto Rs. 6,000, 100 per cent relief, then 50 per cent and then 40 per cent, we need to review it. Nobody loses. The money is retained within the system. The only thing is that the exemption limit about which Mr. Desai talked helps the big saver mainly, but so far as the small saver is concerned, he is likely to benefit if Section 80C provisions are reviewed for the benefit of people who save in the first round with a larger amount, entitling 100 per cent concessions, rather than tapering off after Rs. 6,000. Perhaps there is a need for a little gesture that will bring benefit to a large number of middle class people.

The principle of net savings has been carried further, particularly through the National Savings Scheme where 100 per cent deduction is allowed upto Rs. 30,000 and the rate of interest has been raised to 11.25 per cent. To that extent we are carrying the economic management on a healthier path.

Sir, I am not an expert on defence, but on aspects related to industry and dispensation fiscal and prompted by the presence of a very distinguished member of the Government from the Ministry of Defence sitting here, I would like to make two or three observations. In defence we cannot afford to blunt the teeth of the Armed Forces in the country in the interest of security. But, perhaps, there is a need for further rationalisation as last year we tried and we succeeded to the extent of Rs. 500 crores. I do not know whether the additional Rs. 1000 crores that we have provided to the Ministry of Defence is sufficient or adequate keeping in view the pressure that we have from the security front. But at the stage of resources utilisation, I am sure, some care will be applied and if something can be done to rationalise the expenditure without impairing the defence capability, it will be better. A related question comes, can we benefits more from the productive capacity of ordinance factories. We have a net-work of Ordnance factories, very efficient ones and their capabilities can be utilised for augmenting the exportable items for earning in the overseas market. We know, we are a peace loving nation and we are not joining merchants of death. But our Ordinance factories do not produce only lethal weapons nor do they only produce the combatant items. To that extent non-combatant items and non-lethal products can be revenue earner in the export market. There is no reason why productive capability of our defence industrial establishments should not be brought to the benefit of the macro-economy. A little beginning has been made, but we could make a much greater, effort and a vigorous effort to get the benefit of that from the point of view of economy as a whole.

Sir, a fear has been raised with regard to the inflation. I realise that decisions on administered prices and the magnitude of budget deficit or the disposable income coming through wages and salaries increases over the last two years will have a cascading effect. There is no doubt about that. But, at the same time, the promised productive use of resources generated through the channels whether administered prices or budgetary deficits or through disposable income ploughed back with the help of taxation or savings, there is no reason why we should be despondent with regard to this. Additional flow of goods and services will provide a cushion to the pressure of inflation.

Sir, support to agriculture is part of the budget. Support to the textile industry is part of the budget. Support

to the housing sector is part of the budget, not only housing but support to the housing inputs and for the housing related industry. Support to the export sector is part of the budget. If these things are being construed as populism, I am afraid, we need a revised elementary education in economics for everybody and particularly those who do not fight shy of talking everything as populist when it comes as considered policy of the Government.

I think one of the most refreshing features of this budget is a courageous and systematic move towards socialism. This country has a lot of people who are poor, destitute and economically vulnerable. We always had the will but never had the resources to help them. Even today we do not have sufficient resources. But this budget has shown that given the will, a little bit of effort is possible by cutting corners to find resources. The social security provisions for the weaker sections, for the vulnerable sections, for the unorganised, the Scheduled Castes and the Scheduled Tribes have been made, we have made a good beginning. There is a risk that we could be spending more without correspondingly generating resources from the productive sector. But to the extent that the productive sector can perform and provide a reasonable surplus to look after the interests of our less fortunate countrymen, we will have not only managed the economy better but made our society a little more smiling than what it is today. In the process a lot of animus, inter-class animus would be reduced and it will be for the benefit of everybody not only the party in power but the party which is not in power and social cohesiveness will improve.

I think, there are many more things we could bring to the notice of the House but by way of conclusion, I would like to only mention that the budget might have disarmed the professional critics, whether such people who are outside the House or inside the House but it has certainly brought pleasure and smile to a much larger section of the community in this country. However, the Finance Minister needs concessions and committed support from the State Governments not only in resource mobilisation but in resource utilisation effectively for productive purposes. He needs support from effective and efficient public sector managers who will generate sufficient internal resources to add to the investment pool and the Plan fund which is envisaged within the Seventh Five Year Plan scheme of things. He also needs support from the development bankers who should not be coming out with new instruments but who should also be learning the better use of the available instruments I am afraid, development banking still has a long way to go in terms of making a lasting contribution to the management of the economy whether it is in postponing sickness, reversing incipient sickness or better turn around management of already sick units. He also need support from the populist managers of bandhs or work stoppages for political or non-political reasons which have acquired menacing frequency, and more so, in certain parts of the country than in the rest. With these words, Mr. Vice-Chairman, I would like to compliment the Finance Minister for a good job he has done and for the promises that he has made. It is his maiden Budget. If it has brought smile then we have some basis to be more optimistic for subsequent Budget which he would present in the coming years, we hope that the support that is expected for him to succeed will also be forthcoming from all sections of the society. Thank you very much.

SHRI DHARANIDHAR BASUMATARI (Assam): Mr. Vice-Chairman, Sir, it is a very complimentary Budget and at the same time deserved whole hearted support, it is anti-poverty Budget. Our late great Prime Minister, Shrimati Indira Gandhi used to say that our Government stands for the poor and the weaker sections of society presented Garibi Hatao Budget. At the moment, Finance Minister is not here. We have a very pragme-

[Shri Dharnidhar Basumatari]

tic Finance Minister. But this time, I have found that two State Ministers in the Ministry of Finance aer also sitting here who are laughing all the time and it appears that they will do something for the under- will do something for the under- developed people whom I represent in this House. Just now, our friend mentioned about the Scheduled Castes and the Scheduled Tribes. A provision is there. We have done a lot since independence for these people which cannot be imagined compared to other countries. I have had the privilege of going abroad to most developed countries and most under developed countries including, Indonesia. When I went to Indonesia, I was very much proud to speak to them that we have freed ourselves from the British regime at the same time with you and we have been able to produce so many things indigenously but you have not been able to produce even a needle. That has been possible only because our late Prime Minister Shri Jawharlal Nehru had a dream to develop the country and bring it at par with other developed countries. So, when we achieved independence we had to go outside with a begging bowl for various things. Bu since we started establishing the big projects, like Bhakra Nangal, Heavy Engineering Projects of Ranchi and Rourkela and Bhilai etc. all these projects. are in tribal areas and tribal people had been uprooted from home and hearths. I wanted to say one thing

The Minister is not here.

7.00 P.M. From the very begnning I have been demanding for the rehabilitation of those people who were ousted at the time of establishing or setting up small projects. Prime Minister Nehru wanted it to be done. But the local administration did not pay heed to it.

[THE VICE CHAIRMAN (SHRI JAGESH DESAI) in the Chair] A lot of tribal people had to leave their homes, and hearths mainly in Assam. Now I hear many speakers speak about Scheduled Tribes and Scheduled Castes. From the very beginning of my political career in 1946 I have been crying for them. Though the pious wish of our leaders has been towards this end, the people who are at the helm of affairs in the administration do not care to see to the development of the Scheduled Caste and Scheduled Tribe people. Figures will adequately prove this fact. In the field of employment, for example, the percentage of employment of these communities is very very low in regard to SC it is 2.59 and for ST it is 0.49 These are the figures in free India. We are very proud of the developments our country has made in science and technology and other fields. The other day our hon. Prime Minister informed us of the development of missiles. Then came the launching of a satellite. I am very glad and proud of these things. But, at the same time. I am sorry that literacy among SC and ST is very poor. In the field of education, a lot has to be done for SC and ST. The percentage of illiteracy among SC and ST in vast among ST is 0.49 Here, we are really struggling. I wanted to quote many other statistic to prove the prevalance of illiteracy among S Cand ST in vast proportions. I wanted to speak tomorrow. No doubt, the figures given in the Budget are encouraging. But the funds allocated should be properly spent for the uplifitment of the SC and ST people. The bureaucrats should be given a direction in this regard. We make laws, we deliver lectures and we hold meetings. But all our efforts for the deveolpment of these people are prevented by the bureaucrats. I appeal to them to be sincere in developing the lives of the poor SC an ST people.

Coming to the banking sector, even here, the SC and ST people are not able to avail themselves of the facilities given by the Government. Rules stand in their way. Banks, when approached for loans ask for lands to be mortgaged for giving loans. But in tribal areas, there is no periodical patta. They cannot produce patta. Therefore, they are denied loans. I

request the Minister in charge of banking to see that the rule is amended so that the SC and ST people may get loans without any difficulty. We have nationalised banks only with the object of helping the poor and the helpless. I know what difficulties Smt. Indira Gandhi had to face to bring about a Constitutional Amendment for that purpose. Fourteen banks were nationalised with the main goal of developing the tribal people who are the poorest in the country. You know it very well, Sir. You yourself told us that you were the Finance Minister of a very big State, the State of Maharashtra. So you know this very well.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Only a State Minister.

SHRI DHARANIDHAR BASUMATARI: You know how the banking services are utilized by the village people and how they get loans. I have requested him privately in a sitting with him, "You should go into the working of the rules, particularly the rules for giving loans so that they are amended properly and their property is not mortgaged.". I have told him this. Their property should not be mortgaged when they take loans for the purchase of land or something else.

There is another point which I would like to tell here for your information. The National Policy on Education is trying to develop these people and a sum of Rs. 850 crores has been set apart for the development of the Scheduled Castes and Scheduled Tribes. I wish to tell you for information that the Assam Government has not accepted this New Policy on Education and their only plea is that there will be compulsory Hindi, and Hindi will have to be taken by the students compulsorily. In some meeting the other day I had to be present where the Chief Ministr of Assam also was present and I critised him like anything and I told him on the plea of acceptance of compulsory Hindi, you are not accepting this Policy and your people will not, therefore be able to advantage of this Policy. I criticised him anything.

Then, coming to the state of affairs in Assam, I would like to state a few things. The other day there was a by-election in Assam. I think this is not the occasion to speak about this and only on Appropriation Bills I can speak on anything. However, I would like to say a few words about this. This particular by-election was controlled by the AGP Government in such a way that the voters could not go to the polling booths to cast their votes and the Scheduled Caste and the Scheduled Tribe people were warned not to go to the booths. When the counting took place and when the results were being announced, our Congress (I) candidate was having a lead of 1,074 votes. The people outside the place where counting was in progress started shouting and then got into the counting hall of this school and took away the ballot papers. Mr. Handique, who is an ex-Member of the Rajya Sabha, was sitting there as the Congress (I) agent. He was beaten up by these people. Other Congress (I) people who wanted to enter the counting place were also beaten up. Counting was then postponed. Why was counting postponed? After the results were declared here, counting was stopped in some booths and nine ballot boxes were kept in the treasury of the Assam Government in Sibsagar and there they manipulated and after some ten days announced that there repoll insome booths. The result of all this was the Congress (I) which got 75 per cent of the votes earlier got only 90 to 95 per cent in the repoll. Therefore, in this way they manipulated various ways. Therefore, my point is that unless it is done as it was done in Tripura, we cannot win the next elections. It will take place in 1990. Therefore, through you, Sir, I appeal to the Government. The Minister is not here. But he knows Assam very well. Mr Jacob is here

[Shri Dharanidhar Basumootari]

and he too knows about Assam very well. I would like to tell you one thing. Assam is the only State where since 1946 Congress had been in power till the national debacle in 1977 where no party could form Government there. You know that then many States including Bihar and UP had non-Congress (I) Governments. But Assam was the only State ruled by Congress since 1946 to 1977. It was abolished, I must say with a heavy heart, on accord. You know it, Sir. The so called A.G.P. consists of four parties AASU, Gansamgram Parisad, PLP and Jotiodabadi. The are converted into the A.G.P. now. The A.G.P. Government is ruling without any rules. Nothing. For your information, Sir, while the election in Nazira took place, all the Ministers, except the Chief Minister, went there. Everywhere they asked the people not to come to the polls and not to vote for the Congress. Like this we lost. Our Finance Minister had been there. At the time of the dissolution he was there. We lost the Nazira election. Shri Hiteswar Saikia, now Governor of Mizoram, since 1971 had been representing this constituency and he had been elected every time with overwhelming majority, every time defeating the contestant. This time his brother was given a ticket to contest. But we lost because of that that too by only 400 votes. For the dissolution I also saw the Prime Minister and I talked to him and he told me that whenever you want you come to me, but it is not the right time. We shall ask our Prime Minister to see what best be done at appropriate time. We could not submit our nomination papers in 1980. Nobody, including myself could do so due to the agitation of these, reactionary parties. You know everything, Sir.

I am very sorry that I have to speak without any preparation and without any paper, because Mr. Jacob, Hon. Minister came to me and asked me to speak.

Lastly I want to say that the mental reservation should be removed from the minds of our leaders and from bureaucrats also just to bring the Scheduled Castes and Scheduled Tribes on par with others, because Mahatma Gandhi wanted that until and unless the Scheduled Castes and Scheduled Tribes are brought on par with others India cannot be strong. At the same time, I must say, Sir, that when I was a Member of the Constituent Assembly, reservation for Scheduled Castes and Scheduled Tribes was not accepted by many leaders, except Pt. Nehru and Sardar Patel and Shri B. G. Kher of Bombay and the father of Mr. K. C. Pant, Pt. Govind Ballabh Pant, and Laf Bahadur Shastri who was my good leader and loved me like a son. I did not know how to get this reservation. Then Sarder Patel advised me that if you want reservation for the Scheduled Castes and Scheduled Tribes, then you should go to Bapuji. I had to go to *bhangi colony*. He asked me the purpose of my visit. I told him that I had gone to see him with a great political crisis. We wanted reservation for the Scheduled Castes and Scheduled Tribes people. He said "all right". He gave a small chit to me. He wrote that unless the Scheduled Castes and the Scheduled Tribes were given reservation, he would go on fast. Pt. Nehru was empowered to do it. Congress Party agreed to it. Now this reservation should not be only on paper. Everybody should work with sincere heart to bring them at the same level because they are very very backward as compared to others neglected for ages. That is what I have to say. Thank you.

SHRI VISHWA BANDHU GUPTA: (Delhi): Mr. Vice-Chairman, Sir, I am grateful to you for permitting me to say a few words about the General Budget. At the outset, I have to congratulate the Minister of Finance and this Government for presenting a budget which is good for all. However, Sir, I belong to Delhi and there are some special problems of this metropolitan city which have been ignored to some extent in this budget. Being the seat of the Central Government, I had thought

that the Finance Minister would take care perhaps to pay a little more attention to some of the problems faced by the citizens of Delhi.

Sir, one of the main problems that we are facing today for which the attention of the Central Government is necessary is the problem of water. There is an acute shortage of water in Delhi. Water in the Jamuna is receding and we can foresee a very difficult situation for the people of Delhi in the coming year and especially in the sumer months which are just around the corner. Now, Sir, the Finance Minister has been kind enough to allot Rs. 200 crores for wells. Now I do not say that you take away this money from the wells all over India and do something for the water of Delhi. Sir, Delhi being the hub of activity, trade, thinking people, doing people, planning, etc. etc., it is necessary that people get out of their homes and reach their offices on time and that they are able to get a wash before that. I think a situation may arise when this problem of water would become as acute as I have brought to your kind notice. I would request you to kindly look into this matter.

The other problem especially faced by the people of Delhi is transportation. This again has no reference to the DTC strike which, to a very large extent, has been a complete failure. The people appear to be happy in Delhi. They are able to manage with less worry for accidents and less worry for reaching office in time. It seems that although the people have to pay a little more, they are managing without the D.T.C. Here, I am talking about transportaion from one end of Delhi to the other. Now, Sir, as you know, Delhi has grown to a very large extent in all directions but a great part of this development and growth has been haphazard. It has not really been a fully planned city as we would have liked it to be. So, the result is that you are not able to get from one end of Delhi to another. You do have an electric ring railway but that takes a long time if somebody wants to go from one end to the other. I would recommend, Sir, that some attention should be paid by the Minister of Finance and the Minister of Railways to set up a system, if not underground, at least overground, so that people are saved from a lot of trouble. Mr. Vice-Chairman, Sir, if you want to go from Connaught Place to Palam airport, I am particulary posing this problem to the Minister of Civil Aviation, that to get from somewhere in the city to the Palam airport sometimes takes longer than to get on the plane and reach Bombay. So, something has to be done about this transportation from the centre of the city to the airport or other important places where people have to go, Sir, what I want to emphasise is that while we are faced with the problem of buses and so on a planned rapid transit system should be made for Delhi as we have in big cities, as for instance, in London and New York, where you are able to get down to the underground and reach within ten minutes in which ever direction you may want to go. But here people have now great difficulty even in going across the Yamuna. Look at the Japanese what they have done. They have built a tunnel under the sea for 160 kms and they are able to get from one island to another by very rapid transportation. So, Sir, since we are emerging, and I am happy and proud to say that since India is emerging as a great nation, therefore it must have a great capital and a great capital must necessarily have a rapid transport system. So more attention and more money should be made available for this purpose.

Sir, the third problem in Delhi is the problem of pollution. Now, Sir, power is not such a big problem in Delhi. Of course there are shortages and sometimes we have to forego and do things without electricity. But becauses of winds in Delhi the pollution is such that all the smoke from big thermal power houses comes right over the city, comes over the Connaught Place and even Parliament House. That is how in this area you get this fine ash in the mornings. So steps have got to be taken for this purpose. I have heard that some steps are being taken but much greater steps need to be taken for the removal of pollution from the skies of Delhi.

[Shri Vishwa Bandhu Gupta]

Sir, as a journalist I would like to congratulate the Minister for having thought of pension for journalists. Now, Sir, this is an important matter and I am glad that the Minister of Finance took special interest to see that pension should be available to journalists, but it will take time to frame the rules and so on. But, Sir, along with pension there is another problem which is being faced by the journalists, and that is housing. In any capital city housing is of course a critical problem. It is a more critical problem in Bombay. In Delhi at least there is a lot of land around and I would suggest to the Minister of Finance that some schemes of settlement of modest houses even if they are a little bit away, with the rapid transit system it will be possible for them to come to work, should be framed. I would request the hon. Minister to kindly consider the facility of providing some inexpensive houses for jurnalists and that would be a good thing for their professional work.

Now, Sir, another area of operation is the youth activity. I am very glad that 13 per cent has been earmarked for youth activities. You have to look at youth activities from the point of view of nation-building. Unless you are able to build up your own young people, inspire them to do better and to come up to international standards and compete and keep our flag flying high, it would not be possible to inspire ourselves and the nation to do a harder work for building the nation. I would, therefore, suggest that this allocation of 13 per cent, if possible, may be increased, or at least allocated in such a way that it is not limited only to the ground. Again here I have to refer to the hon. Minister of Civil Aviation. There is little money for aviation activities and aviation sports Not much is earmarked from this 13 per cent. I would request him to consider it and try to have a separate allocation for sports activities and also in the air.

The other area that is disturbing to my mind is family planning. This is one of our most vital problems. It is true that Rs. 600 crores have been allocated for it. It is good. But money spent on family planning should not be viewed with the idea that it will bring a direct immediate result only in terms of number of children born. It should be viewed in terms of totality of money that we are going to spend on education of these children, their schools, their hospitals, and so on. So, whatever money that you allocate on family planning is going to have much wider repercussions and much wider appeal and much more regeneration in terms of saving finances. So, I think though there is a great support from the media for family planning activities, and some good spots are coming on the Doordarshan for encouraging people to have planned families, it is very important that special campaigns are carried out and money is available for these special campaigns, even at concessional rate for the newspapers and the media so that people really come to think of family planning as a necessary thing to do. Therefore, on the larger plain, the country will gain as a whole and this is really one of our major problem that we are not giving sufficient attention to family planning. This may not be true in metropolitan cities. But if you go to Rajasthan or Bihar or other areas which are congested, you will find that number of children is vey high and therefore the quality of life that the children have is not good, and it can be improved only by larger allocation on family planning.

I will conculde by saying only one thing more about which I feel greater attention needs to be paid and that is scientific research. I feel it would not be possible for us to remove poverty unless we can bring new and high technology to our people, whether it is in agriculture, whether it is in industry. Let us look at this Technogerma exhibition which was recently held. It was a high-tech exhibition; a great deal of it could be applicable to Indian industry. I would suggest that a greater incentive should be given to already existing scientific research organisations to do a harder job to be able to do fundamental scientific research which has repercussions in India.

Once again I congratulate the hon. Minister of Finance and the Government of India for an excellent Budget.

SHRI GHULAM RASOOL MATTO: Mr. Vice-Chairman, Sir, we had put another speaker from our group but he is not here; So I will make a few obsevations with regard to the Budget.

Sir, I rise to support this Budget. The effectiveness of a good Budget can be gauged by the amount of response it gets and by the percentage of people that are benefited by it. When I heard the Budget Speech in the Lok Sabha, the general refrain from almost the entire Opposition was that it was a budget for snap elections. I tried to understand what they meant by a "snap election budget" and why they had used that expression. I could understand that it was a good budget, it was a budget for the poor, it was a budget for the common man, it was a budget for the low income group people. That is why the people in the Opposition thought that this was a budget which could lure the common man. I think this is the greatest tribute to this Budget that most of the Opposition leaders have termed it as an "election budget."

Sir, I am a small businessman also. So we have to see whatever resources we have got at a particular point of time, how best to use these. I look at this Budget from this angle. I know we are in a difficult economic situation. I know our resources are not too great. So within whatever resources we have got, whom do we help by this Budget? To my mind, I have no hesitation in reiterating that during the last six years that I have been here, this is one of the best budgets that has been presented, primarily from this point of view that the largest number of people have been benefited by it. The farmers have been benefited. I come from Jammu and Kashmir where horticulture and agriculture are the mainstay of the people, besides tourism. With regard to subsidy on fertilisers, insecticides, pesticides etc. we are there to be benefited. Artisans, weavers, tongawallas, rickshaw-wallas and others are benefited. So from that point, it is a very good budget.

But being an ally of the Congres also, I have only to request the hon. Finance Minister—the Minister of State is here—to take note of certain observations that I would like to make in the context of this Budget. My first observation is that I was one of those persons who were present when the Taxation Law (Amendment) Bill was passed. At that point of time, I extracted an assurance from the hon. Finance Minister that because the time at our disposal for discussion on the Amendment Bill was very short, we should treat it as a working paper and get people's representatives to speak on it and then reconsider it. I am very glad that in para 93, the hon. Finance Minister has very categorically stated that he has an open mind on this. Now I am glad that the hon. Finance Minister is coming out with a Bill to amend those provisions of that Amendment Bill. I have only one or two observations to make in that context.

The hon. Minister has stated the three or four reasons or main points in these representations received by him. I begin to feel that any amendment that might come will be within the orbit of these four points. But there are other points also which may also be taken into consideration while amending those provisions. In the speech of the hon. Finance Minister, he has categorically stated that they are going to look into those four parameters that have been mentioned under items (1), (2), (3) and (4) of para 93. But there may be many other points and the Government should not close its eyes to other points and other representations which have come to the notice of the Government and these representations should also be considered. Sir, with regard to this Taxation Amendment Bill I find another very reassuring thing from the hon. Minister. The hon. Minister states that they will definitely consider revisions and come out with an Amendment Bill. Even after that Amendment Bill comes before this House, the Members will be given an opportunity to speak, and that will be further reconsidered by the Government. What else can a democratice government do? They put a working paper, as I call it. But that was an Amendment Bill, all right. They reconsidered it and brought about another Amendment Bill, and further assured this House that they would further reconsider that on presentation of that Bill and come out with

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further amendments. I think, this is a very broad offer that the Government has made. Broad parameters have been set for having an open mind on the subject of this Bill.

Only one point to which I want a special attention to be given is with regard to this taxation on partnerships, the proposed sysem of assessment of partnership firms. Sir, this point is engaging the attention of the Government. I had been to Kashmir recently. I had been to Bombay yesterday. I had been to Calcutta and Hyderabad also. Everywhere the general consensus was that this proposal should not, in the first instance, have come because genuine partnership firms will also be affected. There is a good case for the Government to say or to argue that some *benami* partnership firms are being floated in big metropolitan cities. But there are others which are genuine partnership firms. I think that the Government in the first instance should consider doing away with this provision of taxation of the partnership firms to the extent proposed in the Bill.

But if it really considers it, then, the restriction on an individual being able to draw pay or salary from only one firm should go. A minimum of Rs. 5 lakhs should be fixed. If an individual's income from different firms exceeds Rs. 5 lakhs, then alone that other firm from whom he draws pay should be subjected to this high taxation. For instance, if a person has got partnership in four firms but his aggregate income is less than Rs. 5 lakhs, then, it should be allowed to him in all the Firms. But, if it is more than Rs. 5 lakhs, then alone those people who are really evading this, should come under this Act.

The other point that has also been highlighted is that the new Act provides for unfettered discretion regarding reopening of assessments merely on a change of opinion. This should be completely done away with, and this should be considered. This should not be done at all.

Sir, the second point that I have to bring to the notice of the hon. Finance Minister is that a question put by me in the last session of Parliament was in regard to a news item published in the "ECONOMIC TIMES" that the Reserve Bank of India survey had stated that by 1992-93 we would be in a debt trap. When this question was put by him, the reply came—Mr. Janardhan Poojari was the Minister of State for Finance—that this was not a survey done by the Reserve Bank of India. Later on he also wrote to me that it was done by an officer of the Reserve Bank of India in his personal capacity and that therefore this should not be considered as an official view. The hon. Finance Minister would do well if he would reply to this, whether we would be really in a debt trap by 1992-93. According to that news item; it was stated that by 1992-93, whatever we would be able to collect by way of loans from the internal as well as the external sources would only be sufficient to pay interest on the accumulated loans that we would have got till then.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Instead of instalment.

SHRI GHULAM RASOOL MATTO: So, this has to be analysed. I look from another view. This is why I want the Government to react. That view is, if this is really the problem, a solution has to be found. We should not accept it as a critical thing from other persons. We should really find if this is the problem. We have got the best economists at our command. We have the best men in our Ministries and other places. We should tell them.. "This is the problem. Tell us right now. There are five years still left for us to undo it. Tell us what is to be undone that we are doing at present." So, we should go in that direction. This is one point that I would like the hon. Minister to react to kindly request the hon. Minister and the officers to note these figures down. Our is an open and democratic society. And if somewhere some doubt has been created, that doubt has to be removed or remedial measures have to be taken to remove that doubt.

I have come across another piece of article and I would like the Finance Minister to categorically tell us in his reply whether this is a fact or not. If this is not a fact, he should come out with a statement saying that this is not a fact. And if this is a fact, then he should come out with the remedial measures. According to this Article, the borrowings of the Government would exceed its assets by Rs. 40,000 crores. You also mentioned about this in your speech. So, please clarify whether this is correct or not.

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): Which article is this?

SHRI GHULAM RASOOL MATTO: It is an article written by Shri S. Gurumurthy in the *Indian Express*.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): This is in the Budget papers also.

SHRI GHULAM RASOOL MATTO: I dare say that he who has written the Article is no friend of ours but my attitude is that if he has put across a point of view, we should be able either to rebut it, or, if it is a genuine thing, then we should come to the nation with remedial measures. Then he further goes on to say that the Government will have to pay off liabilities of Rs. 2,24,180 crores with assets of only Rs. 1,84,100 crores. He says: "In other words, every creditor of the Government including small savings certificate holders, PF holders etc. will get back only 82 paise of a rupee today if the Government had no power to print more currency notes." In other words, this article becomes a disincentive to those who want to invest in Government of India securities, bank deposits and in provident funds. We have to rebut that. We have to tell the investors, whether they have foreign accounts or they have invested in banks, small scale investments other schemes, loans, bonds, whatever they are, that your money is secure. It will not be reduced to 82 paise. This has to be very clearly stated.

The article further went on to say that the liabilities of the Government in excess of the assets stood at Rs. 22,470 crores in 1986-87 and it will reach Rs. 29,988 crores as the budget year 1987-88 ends. Mr. Tiwary estimates that in another year the figure will reach Rs. 40,080 crores. He further goes on to say that in as late as 1977-78 the Government had a solvent position on record. Its assets were exceeding it liability yielding a surplus. He means that in 1965-66 the Government had excess of assets of Rs. 937 crores over the liabilities. The present situation is the consequence of the State living beyond its means. He further goes on to say that the cost of living index rose by 135 points during the eight years, 1970 to 1978, but during the next ten years from 1978 to the end of 1987, the index rose by 431 points. The net borrowings for 1988-89 will just equal the debt outgo of interest from the Government Rs. 7,000 crores and Rs. 6,900 crores respectively. The net interest payments have increased by seven and a half times in 1988-89 as compared to 1980-81 and by two and a half times as compared to 1984-85. The Government today has no capital. It has no assets to back up its liabilities to the extent of Rs. 4,40,000 crores. It borrows only to pay interest. If this Government were a commercial enterprise under its own laws it would be entitled to no credit from banks; it would be declared insolvent and finally its governing body would be replaced for gross mismanagement. This is the kind of article. But we have to rebut certain things. This is a national daily. Everybody wants to read it. But we from the Government side should be able to assuage the feelings of the people that this is not the state of affairs or there are certain grey areas in this but these are the measures, the Government is adopting for this. Sir, after having stated this, I must say that every sector of the economy has been taken care of by the hon. Minister in his budget speech. Take the cooperative sector, rural employment and food processing and packaging. Take, for instance, health and medical care; a new thrust has been given to the villages. This was really needed and this was the need of the hour.

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Now, I would turn to two proposals with regard to the excise duty. The hon. Minister had stated that he would reduce the duty on filament yarn and synthetic fibre, he would monitor that the prices of the end products are also reduced to the extent the excise duty has been reduced . I was in Bombay yesterday only for one day. I was really taken aback by the news that one of the most important manufacturers of synthetic filament yarn and synthetics fibre had increased his price of polyester filament yarn by Rs. 10 per kg. only three days prior to the announcement of the budget. Now, if he reduces it by Rs. 30, he has already covered Rs. 10. So, I would request the hon. Minister that while this excise duty has been reduced it should be seen what were the prices two months prior to the presentation of the budget. One month before the budget prices usually tend to increase. Those people who tend to hoard things, they hoard those things. You should see that the prices as prevailing of synthetic yarn, filament yarn, fibres and other things in which duty has been reduced drastically, should not be taken as the prices as on the day of the budget but two months prior to it. The monitoring should be done in such a way that the prices that have been reduced should be reduced at the price level two months previous to that particular period.

The second point is that, the hon. Minister of Textiles is also here. I have to tell him something about that also. Yesterday, I was in Bombay and I was with a person who was getting a lot of cloth woven in Bhiwandi. He had about 150 looms and he was happy. He told me about these two things. The first one was that as I have stated above that the price of filament yarn has been increased by Rs. 10 by a particular company who sells the yarn only a few days before Budget; even if he reduces, he still gets Rs. 10 more. The second most important point he told me was that the ailment of the textile industry cannot be removed particularly of the powerloom sector which has assumed a very great importance now-a-days. He said "unless the duty on finishing is done away with, the state of industry cannot be improved." He said that all this *hera-pheri* is being done at the finishing stages particularly when the prices of different Fabrics are fixed differently according to quality if the prices of Fabrics made out of the filament yarn of finer quality, are taken, the excise duty on finishing stage is higher. He is a very genuine person. He told me that the problem can be resolved that removed instead of levying the duty on the finishing stage where there is a lot of *hera-pheri* and the excise duty officials are also involved and they do not want that the duty on finishing should go, it should be levied at the yarn level, at the fibre level and then completely done away with at the finishing level. He said that there are two advantages. In the first instance, the Government will get the money that it wants. He said that the Government should undertake an exercise as to what is the total excise duty levied by it, recovered by it, on the finished products *i.e.* synthetic fabrics other things in the finishing stage. That duty should be computed and taken to the yarn stage and completely exempted at the finishing stage. He said that one advantage was that the Government will get full duty and he assured me that whatever duty the Government gets as a result of excise duty at the yarn or the fibre stage will be double of what it gets at the finishing stage. This is number one. Number two is that there is a very unhealthy competition going on between those who evade taxes by having something to do with the excise officials and paying lesser duty. They sell the goods at a lower rate whereas the genuine person who has paid the taxes etc. in the proper way, cannot compete with this with the result that the industry is in doldrums because there are two unequals in the competition. One is an honest man and the other is a dishonest man. The dishonest man in collaboration with the excise officials has been able to reduce his cost by Rs. 2 but he can pass on Re. 1 back to the customer and still make Re. 1 and an honest man has paid Rs. 2. This should be considered very seriously. The entire duty on synthetic fabric at the finishing stage whether in the finest variety or the

lowest variety should be done away with. It should be passed on to the yarn or fibre stage. This was the suggestion made by him to me. The second point that I would like to make is with regard to the suggestion made in the Finance Minister's speech. I have mentioned about it because it is the Budget speech and I would like the Minister to consider this that the import duty on wool has been done away with, with regard to those handloom weavers who import wool from New Zealand and Australia. Now, Sir, there are no such handlooms recognised organisations in the country who can take advantage of this. The best way is that duty should be completely done away with, where the importer is a handloom co-operative society or is in the decentralised worsted spinning sector—those who import wool, spin the yarn and sell the yarn to the small handloom weavers or powerloom weavers, thirdly the powerloom users. But this should not be reduced in the case of composite mills who use the wool for making expensive fabrics like Raymonds and Digjam but with regard to all others who use it either for the shawl sector or for the carpet industry sector which comes through the decentralised worsted spinning sector, this duty should also be done away with in the case of those. Then the benefit wil go to both the handloom as well as the decentralised worsted spinning sector. Right now the worsted spinning sector in the descentralised sector which is solely situated in Ludhiana, Amritsar or Kashmir is completely in doldrums. About 90 to 95 per cent of the mills are closed and about 80 per cent of the powerlooms are also closed. This is because the prices of wool in Australia and New Zealand have gone up so high that it is double the price which was last year. But the market here is not in a position to increase the rates commensurate with the international prices. But this concession that has been allowed, if it is extended to decentralised sector will benefit a lot all those who can take advantage of it. The third point is with regard to concessions in rate of interest being given to those who can replace their thatched roofs with tiles. There is a provision that if you have a thatched roof house in a village and if you want to replace that thatched roof with tile roofing, you can get a loan at a nominal interest of 7 per cent. Now, Sir, in Kashmir, we do not replace thatched roofs with tiles. In Himachal Pradesh also because I have been to Himachal Pradesh also and I saw it myself there also that there are no tiles used now. There are Galvanized Iron sheets called G.I.C. which are being used now. I would request the Minister while the concession is given to those people who want to replace their thatched roof with tiles, it should also be there for those who want to replace thatched roofs or other wooden roofs with corrugated iron, C.I. sheets, they should also be given this concession in rate of interest. The people of Himachal Pradesh and Kashmir can, benefit only if they want to replace their roofs with these, G. I. Sheets.

I then come to the question of monitoring of these concessions to the order of Rs. 200 crores, by way of reduction of excise duty on polyester filament yarn, synthetic yarn and other things. It should be monitored in a very precise way. Merely an advertisement by the polyestet yarn manufacturers' association or synthetic yarn manufacturers' association will not do. This has got to be monitored and an open grievance cell should be created in the Ministry of Finance under the dynamic leadership of our Shri A. K. Panja. He should invite any suggestion, any complaint, from anybody from any part of the country. He should see that the concessions do not percolate to those whom they are not intended for. Mere announcements or notifications by the manufacturers that they have reduced the prices will not do. This monitoring must be done.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): You have four minutes more.

SHRI GHULAM RASOOL MATTO: Thank you very much. My next point would be with regard to the Budget. The hon. Prime Minister, while presenting the last year's budget, wanted that the budget deficit at Rs. 5688 crores should be strictly adhered to. I am very glad that except for Rs. 300 to 400, it has been largely adhered to. This year's budget estimates,

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at the present rate of taxation, show a deficit of Rs. 8120 crores and after fresh taxation to Rs. 7484 crores. But the hon. Minister of Revenue and the hon. Minister of Expenditure are here. I shall request them that they should assure this country that this Budget deficit will, under no circumstances, be exceeded. If there is any proposal from any Ministry for enhancing grants and allocations, they should be asked why and how they want to make savings in other sectors. This is very important. Under no circumstances should the deficit be allowed to exceed. This must be scrupulously adhered to.

My last point is that our non-Plan expenditure has gone up very high. This is one of the main reasons why they should think in terms of freezing the non-Plan expenditure for the next year. Why should we not think that there should be no increase in the non-Plan expenditure next year? If we can think that there should be no fresh appointments and all that, we can think of freezing the non-Plan expenditure also. When the prices are so escalating, the non-Plan expenditure is bound to increase. So my request to the hon. Minister would be to consider freezing of non-Plan expenditure. Let us think that for two years we will have an expenditure freeze.

I was not prepared for the speech today. The hon. Minister may kindly consider whatever little observations I have made today and react to them.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): You have made out very good points.

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI M. M. JACOB): You represent the whole of that side.

SHRI GHULAM RASOOL MATTO: These are the only points I could make today. I was not having the papers with me today. I have borrowed from Shri Verma the Budget speech. The Minister may kindly consider the points raised by me and in his reply may react to my suggestions. Thank you.

STATEMENT BY MINISTER

Increase in the Central Issue Prices of Wheat for the Public Distribution System and other Schemes

THE MINISTER OF STATE OF THE MINISTRY OF FOOD AND CIVIL SUPPLIES (SHRI SUKH RAM): Sir, as the House is aware, the support price of wheat to be paid to the farmer in the coming rabi season was raised by the Government from Rs. 166 to Rs. 173 per quintal. This increase, which was higher than that of the last three years, was widely welcomed.

The Central Government also fixes the price of wheat issued from the Central Pool to the State Governments for distribution under the public distribution system and other related schemes. Consequent upon the Government's decision to increase the support price of wheat by Rs 7.00 per quintal, the Government have decided to refix the Central issue prices of wheat to absorb the increase in the support price and some related costs and to contain the food subsidy.

The revised Central issue prices of wheat will be as follows:—

(i) For the public distribution system, it will be Rs. 204 per quintal instead of the existing Rs. 195 per quintal; and

(ii) For the ITDP areas and tribal majority States, it will be Rs. 139 per quintal against the existing Rs. 130 per quintal and the consumer price will be Rs. 164 per quintal instead of Rs. 155 per quintal.

The price of wheat for open market sales will be Rs. 240 per quintal.

All these prices will be effective from 25th March, 1988.